

## Message Text

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ORIGIN L-03

INFO OCT-01 ISO-00 SS-15 EB-07 IO-13 EUR-12 SIG-01  
MMO-01 AID-05 CIAE-00 COME-00 FRB-03 INR-07  
NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02  
LAB-04 EPG-02 SIL-01 OMB-01 NSC-05 STR-04 CEA-01  
AF-10 ARA-06 EA-07 NEA-10 /132 R

66011  
DRAFTED BY L/EB:SRBOND:L:MBFELDMAN  
APPROVED BY THE SECRETARY  
S/S MR.TARNOFF  
EB-MR.BOEKER  
EUR/RPE-MR.GELBARD  
L-MR.HANSELL  
IO-MR.FRANK

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P 282103Z MAY 77  
FM SECSTATE WASHDC  
TO AMEMBASSY LONDON PRIORITY  
AMEMBASSY PARIS PRIORITY  
AMEMBASSY BONN PRIORITY  
AMEMBASSY OTTAWA PRIORITY  
AMEMBASSY TOKYO PRIORITY  
AMEMBASSY ROME PRIORITY  
AMEMBASSY BRUSSELS PRIORITY  
AMEMBASSY THE HAGUE PRIORITY  
AMEMBASSY CANBERRA PRIORITY  
AMEMBASSY OSLO PRIORITY  
AMEMBASSY BERN PRIORITY  
INFO USMISSION USUN NEW YORK PRIORITY  
USMISSION GENEVA PRIORITY

C O N F I D E N T I A L STATE 124539

C O R R E C T E D C O P Y (REF ADDED)  
E.O. 11652: GDS  
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TAGS: EGEN, EINV, UN, ECOSOC

SUBJECT: INTERNATIONAL AGREEMENT ON ILLICIT PAYMENTS -  
LONDON COMMUNIQUE

REF: STATE 124538

1. SUMMARY. THE USG WISHES TO BUILD UPON THE LONDON SUMMIT COMMUNIQUE'S ENDORSEMENT OF AN AGREEMENT ON ILLICIT PAYMENTS. EMBASSIES IN LONDON SUMMIT COUNTRIES ARE REQUESTED TO MAKE HIGH LEVEL DEMARCHE TO SEEK SUPPORT NECESSARY TO ENSURE THAT AN ILLICIT PAYMENTS TREATY CAN BE NEGOTIATED BY 1978. EMBASSIES IN OTHER ADDRESSEE POSTS (DEVELOPED COUNTRIES WHICH PARTICIPATE IN ECOSOC WORKING GROUP ON CORRUPT PRACTICES AS MEMBERS OR OBSERVERS) ARE REQUESTED TO MAKE PARALLEL REPRESENTATIONS.

2. AS REPORTED IN REFTTEL, LONDON SUMMIT COMMUNIQUE CONTAINS LANGUAGE "WELCOMING WORK BEING DONE TOWARDS INTERNATIONAL AGREEMENTS PROHIBITING ILLICIT PAYMENTS." THIS WORK IS BEING DONE IN AN ECOSOC WORKING GROUP ON CORRUPT PRACTICES ESTABLISHED AT U.S. INITIATIVE. THE

LAST MEETING OF ECOSOC WORKING GROUP WILL BE HELD FROM JUNE 27-JULY 1 IN GENEVA, FOLLOWED BY THE ECOSOC MEETING JULY 6-AUGUST 5. TO ACCOMPLISH OUR PURPOSES, WORKING GROUP, IN ITS REPORT, SHOULD RECOMMEND TO FULL ECOSOC THAT IT ESTABLISH AN EXPANDED WORKING GROUP WITH A CLEAR MANDATE TO PREPARE THE TEXT OF A TREATY WHICH CAN BE FORWARDED TO A DIPLOMATIC CONFERENCE TO BE HELD IN 1978. IN LONDON, PRESIDENT CARTER RAISED THE ISSUE OF AN AGREEMENT TO ELIMINATE ILLICIT PAYMENTS IN INTERNATIONAL TRADE. WE UNDERSTAND OTHER HEADS OF GOVERNMENT ENTHUSIASTICALLY AGREED THAT THE DEVELOPED COUNTRIES MUST NOT IGNORE THE ISSUE, BUT MUST TAKE A STRONG MORAL STANCE. IT IS CONFIDENTIAL

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NECESSARY TO TRANSLATE THIS CONSENSUS INTO SUPPORT FOR SPECIFIC ACTION. UP TO NOW INDUSTRIAL COUNTRIES HAVE EXPRESSED STRONG RESERVATIONS ABOUT U.S. PROPOSALS AND HIGH LEVEL APPROACHES APPEAR NECESSARY TO MAINTAIN THE MOMENTUM OF THE SUMMIT.

3. ACTION REQUESTED: LONDON, PARIS, BONN, TOKYO, ROME AND OTTAWA. AMBASSADOR IS REQUESTED TO SEEK APPOINTMENT WITH FOREIGN MINISTER OR OTHER APPROPRIATE SENIOR OFFICIAL TO MAKE THE FOLLOWING POINTS AND TO SOLICIT THE VIEWS OF HOST GOVERNMENT:

(A) THE UNITED STATES IS GRATIFIED THAT THE HEADS OF GOVERNMENT AT THE LONDON SUMMIT WERE ABLE TO AGREE IN THE FINAL COMMUNIQUE THAT "WE CONSIDER THAT MTR REGULAR PR ACTI- CES AND IMPROPER CONDUCT SHOULD BE ELIMINATED FROM INTERNATIONAL TRADE, BANKING AND COMMERCE, AND WE WELCOME THE WORK BEING DONE TOWARD INTERNATIONAL AGREEMENTS

PROHIBITING ILLICIT PAYMENTS." WHEN PRESIDENT CARTER RAISED THE ISSUE OF ILLICIT PAYMENTS AT THE SUMMIT, ALL HEADS OF GOVERNMENT AGREED THAT THE MATTER COULD NOT BE IGNORED AND THAT IT WAS A MORAL ISSUE WHICH MUST BE DEALT WITH. THE UNITED STATES IS COUNTING ON THE SUPPORT OF YOUR GOVERNMENT IN EFFORTS TO PRODUCE A MEANINGFUL TREATY ON ILLICIT PAYMENTS.

(B) THE WORK ON ILLICIT PAYMENTS IS BEING CONDUCTED IN A WORKING GROUP ESTABLISHED BY THE UN ECONOMIC AND SOCIAL COUNCIL (ECOSOC) WITH THE MANDATE INTER ALIA TO ELABORATE IN DETAIL THE SCOPE AND CONTENTS OF AN INTERNATIONAL AGREEMENT TO PREVENT AND ELIMINATE ILLICIT PAYMENTS, IN WHATEVER FORM, IN CONNECTION WITH INTERNATIONAL COMMERCIAL TRANSACTIONS, AS DEFINED BY THE WORKING GROUP.

(C) THE FINAL MEETING OF THE WORKING GROUP WILL BE HELD  
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JUNE 27-JULY 1 IN GENEVA AND THE GROUP'S REPORT WILL BE CONSIDERED BY THE FULL ECOSOC IN JULY/AUGUST. SIGNIFICANT INITIAL WORK HAS BEEN DONE ON THE TEXT OF AN INTERNATIONAL AGREEMENT, BUT A MAJOR EFFORT IS NEEDED IF ECOSOC IS TO FULFILL THE GOAL SET OUT IN THE LONDON COMMUNIQUE. ACCORDINGLY, THE UNITED STATES GOVERNMENT REQUESTS THE ACTIVE SUPPORT OF YOUR GOVERNMENT FOR THE FOLLOWING:

---THE WORKING GROUP, IN ITS FINAL REPORT, SHOULD ENDORSE THE DEVELOPMENT OF AN INTERNATIONAL AGREEMENT TO CONTROL AND ELIMINATE ILLICIT PAYMENTS (BRIBERY) IN CONNECTION WITH INTERNATIONAL COMMERCIAL TRANSACTIONS. THE WORKING GROUP SHOULD FURTHER RECOMMEND THAT ECOSOC ESTABLISH AN EXPANDED WORKING GROUP WITH A CLEAR MANDATE TO PREPARE THE TEXT OF SUCH A CONVENTION, AND THAT THE TEXT BE FORWARDED TO A DIPLOMATIC CONFERENCE TO BE HELD IN 1978.

---ECOSOC, WHEN IT CONSIDERS THE REPORT OF THE WORKING GROUP, SHOULD TAKE THE DECISION TO ESTABLISH SUCH AN EXPANDED WORKING GROUP WHICH WOULD HOLD ITS FIRST MEETING IN THE EARLY AUTUMN OF 1977, AND TO CONVENE A DIPLOMATIC CONFERENCE IN 1978.

---THE OECD MINISTERIAL MEETING, JUNE 23-24, WILL PROVIDE AN OPPORTUNITY TO ADDRESS THIS ISSUE, ALONG WITH OTHER MATTERS DISCUSSED AT LONDON. THE COMMUNIQUE SHOULD INCLUDE A STRONG ENDORSEMENT OF THE UN WORK TOWARDS AN INTERNATIONAL AGREEMENT ON ILLICIT PAYMENTS.

---EMBASSY SHOULD ALSO ASCERTAIN WHETHER HOST GOVERNMENT BELIEVES IT WOULD BE USEFUL TO HOLD CONSULTATION OF

INDUSTRIAL COUNTRIES PARTICIPATING IN THE ECOSOC WORKING GROUP IN ADVANCE OF THE NEXT WORKING GROUP MEETING. THE PURPOSE OF SUCH CONSULTATIONS WOULD BE TO DISCUSS MAJOR SUBSTANTIVE ISSUES PERTINENT TO AN INTERNATIONAL AGREEMENT, SUCH AS JUDICIAL ASSISTANCE, HOME COUNTRY CRIMINAL  
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SANCTIONS FOR BRIBERY OF FOREIGN OFFICIALS, REPORTING AND/OR DISCLOSURE OF AGENTS' FEES, AND EXTRADITION, WITH A VIEW TO NARROWING DIFFERENCES ON THESE SUBSTANTIVE ISSUES. THE UNITED STATES RECOGNIZES THAT AN INTERNATIONAL AGREEMENT CANNOT BE EFFECTIVE UNLESS THERE IS BROAD ACCEPTANCE OF ITS CONTENTS. THE U.S. WOULD BE PREPARED TO HOST SUCH CONSULTATIONS IN WASHINGTON ON JUNE 13-14 OR TO SEND REPRESENTATIVES TO A MEETING AT THE OECD IF THERE IS A STRONG PREFERENCE FOR THAT SITE.

4. ACTION REQUESTED: BRUSSELS, THE HAGUE, OSLO, CANBERRA, BERN. AMBASSADORS ARE REQUESTED TO APPROACH HIGHEST APPROPRIATE OFFICIAL OF HOST GOVERNMENT TO MAKE SAME GENERAL POINTS AS ABOVE ADAPTED TO REFLECT FACT THAT HOST GOVERNMENT DID NOT PARTICIPATE IN LONDON SUMMIT.

5. ALL POSTS ARE REQUESTED TO MAKE DEMARCHE AT EARLIEST POSSIBLE DATE AND CABLE FULL REPORT OF RESPONSES. VANCE. UNQUOTE CHRISTOPHER.

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## Message Attributes

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